

HONORING THE LIFE OF GARRETT
JOSEPH MALISKA

HON. KEVIN BRADY

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 30, 2011

Mr. BRADY of Texas. Mr. Speaker, I rise today to honor the life of Garrett Joseph Maliska of Bryan, Texas.

Garrett entered into rest on February 28 at his home with his family by his side. He was 17 years old. Garrett had battled with Spinal Cord Glioblastoma Cancer since March of 2008.

Garrett was an exceptional young man. He touched everyone that he came in contact with. His friends, teammates, teachers, and classmates all admired the strength with which he carried himself through his hard fought battle with this disease.

Garrett, a member of the baseball team, continued to remain on the team's roster throughout his cancer fight. Many of his teammates and friends all shaved their heads in solidarity with him over this time.

Garrett was a senior at Bryan High School who was well respected in the community for his character and perseverance during his difficult fight. He made a lasting impression on everyone in the community he met, who saw the strength in which he carried himself despite facing this hardship.

Garrett planned on attending Texas A&M upon graduation and becoming an Aggie. His spirit will live on and a scholarship will live on in his name, "The Heart of G Scholarship."

Our thoughts and prayers are with the Maliska family at this difficult time.

RECOGNIZING FIREFIGHTER JIM
RITCHIE OF THE HARBOR BEACH
AREA FIRE DEPARTMENT FOR 50
YEARS OF SERVICE

HON. CANDICE S. MILLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 30, 2011

Mrs. MILLER of Michigan. Mr. Speaker, it is my distinct pleasure to pay tribute to Firefighter Jim Ritchie of the Harbor Beach Area Fire Department located in beautiful Huron County, Michigan. This year marks the 50th year of service for Mr. Ritchie who began his career with the Department in 1960 at 22 years old.

Mr. Ritchie has consistently set high standards during his outstanding career in the fire services. The State of Michigan, the 10th Congressional District and the City of Harbor Beach have benefitted greatly from his devotion, sacrifice and strong leadership skills. He was among some of the first individuals in the surrounding Thumb Area to become a state certified fire instructor—demonstrating his commitment to be a great mentor and teacher to younger volunteer firefighters joining the profession.

Mr. Speaker, firefighters are the backbone of our communities. They are often the first to respond to an emergency. Whether it is a fire, car accident, natural disaster, an act of terrorism, medical emergency, or hazardous spill, extraordinary men and women stand ready to

serve. They have an unwavering dedication to protect those who are in distress.

But sometimes, first responders are taken for granted. That is until a crisis strikes and the public reaches out for help. Against their better judgment, firefighters rush to the scene of an emergency and into harm's way. When our natural instincts tell us to flee, firefighters rush in. And without the promise of fame, fortune, or as much as a simple "thank you," firefighters remain constantly vigilant.

Despite this, Firefighter Ritchie continues to show true bravery and courage in times of panic and crisis. He has served a key role with the Harbor Beach Area Fire Department. He is a great American and I salute him.

In closing, Mr. Speaker, I am extremely proud of all the men and women who risk their lives to protect our safety and well-being, so it is my honor to offer my sincere gratitude to Mr. Jim Ritchie for his 50 years of service. His leadership, integrity, and dedication are greatly appreciated. I wish him all the best as he continues to serve the citizens of the City of Harbor Beach.

"AN UNJUSTIFIED ASSAULT ON
STATE AND LOCAL GOVERNMENT"

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 30, 2011

Mr. FRANK of Massachusetts. Mr. Speaker, very few financial instruments in American history have had the extremely high degree of reliability as full faith and credit, general obligation bonds issued by states or local governments. The rating agencies themselves have acknowledged that there are virtually no defaults of such bonds, and even for those bonds that are funded by particular dedicated revenue sources, and are somewhat less solid, as Iris Lav notes in the New York Times last week, "The leading rating agencies estimate the default rate on rated municipal bonds of any kind at less than one-third of 1 percent; in contrast, the default rate on corporate bonds reached nearly 14 percent during the recession and hovers around 3 percent in good times." I note here, Mr. Speaker, that while I am skeptical of the predictive abilities of the rating agencies, I do not doubt their ability to count what has happened and that is what we are referring to here.

Despite this extraordinary solid record of repayment, there are some in the investing community who are promoting uncertainty by predicting that there will be, in an unprecedented way and quite contrary to the fiscal facts—an outbreak of defaults. This is not only without any factual basis; it is one more assault on the ability of state and local governments to provide for the needs of the people who live in these jurisdictions. Transportation facilities; sewer and water projects; public safety and health and education facilities—all of these are funded by bonds, and the record, as Ms. Lav makes clear, is that those who invest to help build these are always paid back as promised.

In her op-ed article in the New York Times, Iris Lav, of the Center on Budget and Policy Priorities, decisively refutes this effort to drive up the interest rates that state and local governments have to pay, requiring them either to raise taxes at the state and local level, or to

diminish important projects that both support employment and provide necessary public facilities.

Mr. Speaker, I ask that Iris Lav's thoughtful and irrefutable argument be printed here.

UNBREAKABLE BONDS

(By Iris J. Lav)

WASHINGTON.—Late last year a well-known financial analyst, Meredith Whitney, predicted that "50 to 100 sizable defaults" by state and local governments, amounting to hundreds of billions of dollars, were just around the corner. Since then that fear has produced a near-panic, with municipal bond markets down significantly and some even calling for a law to let states declare bankruptcy.

But this fear of an imminent bond crisis reflects a profound misunderstanding of the differences between the short- and long-term challenges facing state and local governments, and what these governments can do to address them. Indeed, such talk hurts those governments in the long run by undermining investor confidence and raising their borrowing costs.

Municipal bond default is actually quite rare: no state has defaulted on a bond since the Depression, and only four cities or counties have defaulted on a guaranteed bond in the last 40 years. A few minor bond defaults do occur each year, usually on debt issued by quasi-governmental entities for projects that didn't pan out, like sewers for housing developments that never were occupied.

Indeed, last year's total defaults amounted to just \$2.8 billion—a drop in the bucket compared to the nearly \$3 trillion in outstanding municipal bonds. The leading rating agencies estimate the default rate on rated municipal bonds of any kind at less than one-third of 1 percent; in contrast, the default rate on corporate bonds reached nearly 14 percent during the recession and hovers around 3 percent in good times.

So why are so many people afraid of a looming wave of bond defaults? The confusion is rooted in a failure to distinguish between cyclical budget problems and the longer-term soundness of state and local borrowing.

State and local budget deficits need to be understood in context. These governments always have trouble balancing their budgets during economic downturns, and this downturn has been worse than most. The 2007–2009 recession and the slow recovery, along with housing foreclosures, caused a big drop in state and local revenues; state revenues remain an estimated 11 percent below what they were before the recession.

Meanwhile, state spending on public services has risen, driven in part by increases in the numbers of unemployed and newly poor residents. The result has been huge and continuing, but understandable, deficits.

Such deficits make for frightening headlines because these days, most governments are legally required to balance their budgets each year, and they have been closing those gaps by cutting programs and raising taxes, neither of which sits well with voters.

But these operating deficits are cyclical: as the economy picks up, demand for social services will decline and tax revenues will increase, just as they have after previous recessions.

To be sure, states also suffer from longer-term "structural deficits" because their revenues are not growing as quickly as their costs of providing services even during good economic times. These structural deficits, which states must address, make it harder for them to meet their responsibilities each year.

However, that doesn't mean their bonds are in trouble. Bonds are a long-term obligation. They finance projects like bridges,